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Attorneys for USACM Liquidating Trust

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF NEVADA**

In re:

USA Commercial Mortgage Company,  
  
Debtor.

Case No. BK-S-06-10725-LBR  
Chapter 11

**DECLARATION OF GEOFFREY L.  
BERMAN IN SUPPORT OF  
OMNIBUS OBJECTIONS OF  
USACM TRUST TO PROOFS OF  
CLAIM BASED UPON  
INVESTMENT IN THE LERIN  
HILLS LOAN**

Hearing Date: September 30, 2011  
Hearing Time: 9:30 a.m.  
Estimated Time for Hearing: 10 minutes

I, Geoffrey L. Berman, declare under penalty of perjury:

1. I am an adult person competent to testify in court.
2. I make this declaration based upon my personal knowledge, and upon the records USA Commercial Mortgage Company.
3. I am the Trustee of the USACM Liquidating Trust ("USACM Trust"), which is an entity created by the Debtors' Third Amended Joint Chapter 11 Plan of Reorganization ("Plan"), in the jointly-administered bankruptcy cases, In re USA Commercial Mortgage Company, BK-S-06-10725-LBR, pending in the United States Bankruptcy Court for the District of Nevada.

4. USACM circulated an Offer Sheet to prospective Direct Lenders soliciting funding for an acquisition and development loan to a borrower identified as “Lerin Hills Ltd.” A copy of the Offer Sheet is attached hereto as **Exhibit B** and incorporated by this reference.

5. The total loan amount proposed was \$12,900,000. The Offer Sheet described the investment as a “Subordinated Trust Deed Investment” and noted that the investment would be secured by a second deed of trust on 893 acres of land located along the north side of State Highway 46 and three miles west of Interstate 10, about 30 miles northwest of San Antonio, Texas. The Offer Sheet noted that the project was a fully entitled master planned community on 893 acres, which would include 1,375 lots. The Offer Sheet also noted that the Borrower would establish a Municipal Utility District that provides reimbursement for certain infrastructure costs through bond issuances, and that any reimbursements would be part of the Direct Lenders’ collateral.

6. The Offer Sheet further stated that the loan to value was approximately 61% based on a July 22, 2005 appraisal from Dugger, Canaday, Grafe, Inc

7. On December 7, 2005, the Borrower made and delivered to various lenders, including the Direct Lenders identified in **Exhibit A**, a Promissory Note Secured by Deed of Trust, in the amount of \$12,900,000 (the “Note”) and a Loan Agreement. The Loan Agreement and Note provided for an initial loan of \$10,000,000, with potential subsequent advances up to \$12,900,000. The Note was secured by a “Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing” from Borrower in favor of the Direct Lenders that was recorded in the official records of Kendall County, Texas on December 22, 2005 at Instrument Number 00203809. The Loan Agreement expressly provided that the Deed of Trust was a second position lien on the Property behind a \$20,000,000 deed of trust in favor of Wachovia.

